



MAYOR AND COUNCIL AGENDA

NO. 2

DEPT.: / City Clerk's Office
STAFF CONTACT: Claire F. Funkhouser

DATE PREPARED: 4/21/05
FOR MEETING OF: 5/9/05

SUBJECT: 2005 Compensation Commission Report

RECOMMENDATION: In accordance with Ordinance No 19-94, the Compensation Commission, a group of five individuals appointed by the Mayor and Council (Bridget Newton, Chair, Stephen Edwards, Virginia Onley, Charles Goldstein and Robert Wright) submitted its report on March 31, 2005, in which the Commission unanimously recommended the following:

1. Increase the Mayor's annual monetary compensation from \$16,421.00 to \$25,000.00
2. Increase the Councilmembers' annual monetary compensation from \$13,200.00 to \$20,000.00
3. That a 3% increase in monetary compensation automatically go into effect for FY 2007

The purpose of this evening's meeting is to discuss the recommendations in the report and the process the Commission used to determine their recommendations. It is the Commission's hope that the Mayor and Council will accept the recommendations through a vote of endorsement.

DISCUSSION: From January to March, the Compensation Commission conducted a series of meetings and a public hearing for the purpose of receiving public input on how Mayor and Council compensation should be determined; the frequency of Mayor and Council compensation consideration; who should determine the compensation of the Mayor and Councilmembers, as well as other matters related in general to the compensation of the Mayor and Councilmembers to be elected in November of 2005. The Commission requested and reviewed numerous materials in order to thoroughly research this topic, a listing of which is included in the Commission's Report.

Options Considered: See options mentioned in the Commission's Report

Fiscal Impact: On a full fiscal year basis, the changes recommended by the Commission for implementation after the election would cost \$38,700.00. In FY 2006, however, the changes would cost just \$23,000.00 because they would not be in place for the entire fiscal year. These increases are calculated from FY 2005 actual compensation levels.

In FY 2007, an additional three percent increase would cost \$3,400.00

Change in Law or Policy: n/a

Boards and Commissions Review: Recommendations are described in Commission's report

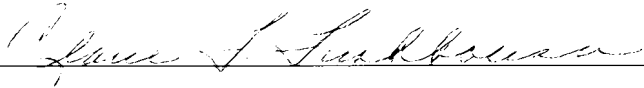
Next Steps: As stated in Chapter 2 of the City Code, the Mayor and Council has until May 31, 2005 (60 days from the date of the notification of the issuance of the Report) to either:

- (a) Take no action to reject or reduce the compensation recommended by the Commission.
Should the Mayor and Council decide to take no such action, the recommended compensation shall take effect on the day on which the Mayor and Council who are elected on November 8, 2005 take office, or
- (b) Reject all or part of the Commission's recommendations and reduce the compensation recommended by the Commission by adopting a resolution on or before May 31, 2005.

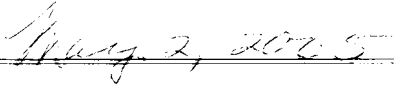
The Mayor and Council can, of course, also make a motion to endorse the Commission's recommendations, which would be the Commission's preference.

Should the Mayor and Council decide to take an action that requires the adoption of a resolution, one can be prepared for adoption at a meeting prior to the adoption of the FY 2006 Budget scheduled for June 13.

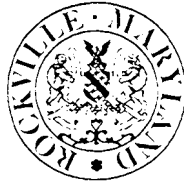
PREPARED BY: Claire F. Funkhouser, City Clerk



DATE:



LIST OF ATTACHMENTS: Transmittal memo to the Mayor and Council from City Clerk Claire Funkhouser; 2005 Compensation Commission Report



City of Rockville

MEMORANDUM

April 1, 2005

TO: Mayor and Council

FROM: Claire F. Funkhouser, CMC, City Clerk *CFF*

SUBJECT: Compensation Commission Report for 2005

This memo is to notify you that on March 31, 2005, the Compensation Commission filed their report pertaining to the annual compensation of the members of the Mayor and Council, as required by Chapter 2 of the Rockville City Code. **In its report, the Commission unanimously recommends the following:**

1. To increase the Mayor's annual monetary compensation from \$16,421 to \$25,000.
2. To increase the Councilmembers' annual monetary compensation from \$13,200 to \$20,000.
3. That a 3% increase automatically go into effect for FY 2007

Attached is a copy of the Commission's report for your information.

In accordance with Chapter 2, the Mayor and Council has until May 31, 2005 (60 days from the date of this notification) to either:

- (a) Take no action to reject or reduce the compensation recommended by the Commission. Should you decide to take no such action, the recommended compensation shall take effect on the day on which the Mayor and Council who are elected on November 8, 2005 take office, or

Page 2
April 1, 2005

- (b) Reject all or part of the Commission's recommendations and reduce the compensation recommended by the Commission by adopting a resolution on or before May 31, 2005.

Should the Mayor and Council decide to take an action that requires the adoption of a resolution, one can be prepared for adoption at your meeting of May 23. In order for adoption to occur on May 23, the Mayor and Council would need to give the necessary instructions to staff by May 9, 2005.

I will await the Mayor and Council's decision on how to proceed with the Commission's recommendations. If you should have any questions about this matter, please do not hesitate to call me.

Attachment

Cc: Scott J. Ullery, City Manager
Paul T. Glasgow, City Attorney
Sondra H. Block, Assistant City Attorney
Richard Hajewski, Director of Personnel
Dominic Del Pozzo, Acting Director of Finance
Brenda F. Bean, Deputy City Clerk

CITY OF ROCKVILLE COMPENSATION COMMISSION

Report

March 31, 2005

In accordance with Rockville City Ordinance 19-94, the Compensation Commission met five times between January and March 2005 to discuss and prepare a recommendation for the level of compensation allotted to the 2006/2007 Mayor and Council. Members of the Commission included Bridget Donnell Newton, Chair, Stephen Edwards, Charles Goldstein, Virginia Onley and Robert Wright. Assisting the Commission were City Clerk Claire Funkhouser, Deputy City Clerk Brenda Bean and Assistant City Attorney Sondra Block.

RESEARCH

Again this year, the Commission requested a survey from the current Mayor and Council compiling approximate hours spent on various City duties. Written reports were received from Mayor Larry Giammo and Councilmembers Bob Dorsey, John Hall, Susan Hoffmann and Anne Robbins. Further information was provided by Mayor Giammo. Additionally, the Commission requested, reviewed and discussed the following documents provided by Staff to assist in making an informed and reasonable recommendation:

- Table outlining methods used by other municipalities in MD to determine compensation provided by various city clerks
- Data on salaries of selected municipalities in the U.S. (regardless of type of government)
- Maryland Municipal League (MML) data on Mayor and Council compensation (2003 and 2005)
- International City Manager's Association (ICMA) data on national averages of salaries
- ICMA data on regional salaries of elected officials
- Copy of City of Rockville press release regarding the Public Hearing on March 1
- Copy of March 1 Public Hearing notice in the *Rockville Gazette*
- Information related to comparative data between the use of a Cost of Living Adjustment (COLA) versus the Consumer Price Index (CPI) as a basis for salary increases
- Web data on salaries in selected municipalities in U.S. with city manager form of government
- Report of the City of Gaithersburg Ad Hoc Mayor and Council Compensation Review Committee dated 9/28/04
- Information regarding hours spent by the Mayor and Council on official duties in response to a questionnaire created by the Commission
- U.S. Census Bureau Facts for Rockville/Gaithersburg/Maryland
- Report of the Compensation Commission dated 3/25/03

- Press notice of Montgomery County Council request for members to serve on a committee to study the compensation of county elected officials
- Salary scales for City employees and specific compensation information regarding the information for the senior managers
- History of the Mayor and Council's compensation from 1963-2003 (Date of last adjustment)
- History of Cost of Living Adjustments (COLAs) for City of Rockville employees from FY 94-FY05
- Memo from Assistant City Attorney Sondra Block responding to questions about the specifications in the Charter about the form of government of the City and whether or not there is a specification that Rockville's Mayor and Council are "part-time"
- Copy of the City of Rockville Charter
- Copy of Ordinance No. 22-03 amending Chapter 2, Section 2-21, entitled, "Compensation of the Mayor and Council" so as to amend the provisions setting forth the procedure of the Compensation Commission in recommending the compensation of the Mayor and Council
- Copy of Chapter 8 of the Rockville City Code regarding elections

PUBLIC COMMENT AND DISCUSSION

Following a recommendation by the previous Commission that thoughts and concerns needed to be heard from a broader representation of Rockville Citizens, a televised Public Hearing was held on March 1, 2005. The Commission heard testimony from Jim Marrinan, Joe Bradley, Brigitta Mullican, David Hill and Judge Irwin Cohen. Further public comments were received from Patricia Woodward during the March 21 meeting. Written testimony was received from Tim Stranges, Phyllis Marcuccio, Brigitta Mullican, James Headlee, and Lora Meisner during the period when the record was open (until March 15, 2005). Comments from Deborah Scarborough were received on March 21, 2005 after the record closed.

As reported by the 2003 Commission, one of the greatest challenges was to prepare an equitable recommendation that would provide a fair and reasonable compensation for our elected officials while maintaining the goal of having officials who are motivated by a sincere desire to serve Rockville to the best of their ability. The Commission heard specific testimony relating to these issues from Jim Marrinan, David Hill, Brigitta Mullican and Judge Irwin Cohen.

The Commission reviewed the City Charter and again determined that it does not contain text to suggest that the Mayor and or Council of Rockville are "part-time" or "volunteers", terms that have been used erroneously in discussions concerning the issue of compensation. The Commission also thoroughly discussed the fact that, although the City consistently pays its Senior Staff and Directors salaries at a level thought to attract the best in their field, the City has not used the same standard concerning our elected officials. After reviewing recent data that suggests that more hours have been required to secure scarce appropriations for the City from federal, state and county governments, the

Commission spent much time discussing whether or not it has or may become more problematic to attract motivated citizens to run for office with the knowledge that it may be difficult for some citizens to maintain full time employment while serving as an elected official.

Though charged by both Mayor Giammo and Councilman Hall at the initial meeting of this Commission to request and research any data necessary to determine a method of establishing the compensation, the Commission again came to the conclusion that, until the compensation level paid to elected officials catches up with what is considered to be fair and reasonable, there would no purpose in requesting a change to the ordinance setting forth the manner in which the Commission meets and deliberates. To this end, the Commission discussed and dismissed the idea of a merit increase because compensation levels being recommended are not intended as a reward for current officials. Further discussion on this topic brought forth a motion to put the issue before the community in the form of a referendum on the November ballot. This motion died for lack of a second. The Commissioners heard no testimony from the public suggesting that a change was needed in the roll of the Commission or the manner in which the Commission makes its recommendations.

RECOMMENDATIONS

Finally, after extensive conversations concerning the data compiled, public testimonies both written and oral, and another review of the unanimous recommendation by the previous Commission, the 2005 Compensation Commission was able to reach a unanimous decision.

1. The Compensation for the Office of the Mayor of Rockville should be increased to \$25,000.
2. The Compensation for the Office of Councilmember of Rockville should be increased to \$20,000.
3. That a 3% increase automatically goes into effect for FY2007.

It is the sincere hope of this Commission that these levels will be adopted as recommended. The Commission feels that the proposed amounts more accurately reflect a fair and reasonable level of compensation for our elected officials. The increase for FY2007 reflects the concern of the Commission that there is no mechanism in place for increasing the level of compensation in the off-year as the Commission meets every two years.